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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 3



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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

MINISTERS DISCUSS TEXTILE, CLOTHING INDUSTRIES IN REPUBLICS

Moldavian Minister's Reply

Kishinev SOVETSKAYA MOLDAVIYA 17 Feb 80 p 2

[Text] With each passing year the demands of the population for clothing, footwear, knit articles and other consumer goods are being better satisfied. But requirements on these goods are also constantly growing. In their letters to the editor readers of SOVETSKAYA MOLDAVIYA address many critical remarks to industry and trade organizations which at times do not keep abreast of the times, are slow to respond to the call of fashion and slow to reorganize production. In particular we have received letters on these subjects from N.T. Yashykova of the village of Chebanovka in Novoanenskiy Rayon, Ye.F. Darchinov (Kagul), G.S. Stepanov (Tiraspol'), V.F. Kravtsova (Kishinev) and others.

We asked the republic's minister of light industry, G. Zhitnyuk, to comment on these letters.

Light industry was assigned a large role in accomplishment of the tasks set by the 25th CPSU Congress to improve the welfare of the Soviet people. During the years of the Tenth Five-Year Plan light industry's primary production funds in Moldaviya have increased by a factor of 1.4. More than 100 million rubles have been spent on expansion of the production base of this sector of the economy. New productive capacities at the Tiraspol' cotton combine, a knit outerwear mill at Soroki and the Kishinev House of Fashion were built and put into operation. The first production line of the Ungeny carpet combine will be put into operation and reconstruction and expansion of the Kishinev sewing mill imeni 23rd CPSU Congress completed during the current year.

Construction of new enterprises and technical re-equipment of existing enterprises are making it possible to systematically increase the volume of product output and expand and update the assortment of goods. It is sufficient to point out that during the past four years of the five-year plan the volume of products turned out by enterprises of the republic's Ministry of Light Industry increased by 32 percent. The production plan was exceeded during these years by almost 2 million meters of silk cloth, 3.5 million knitted articles, 670,000 pairs of hose, 410,000 pairs of shoes and 30 million rubles worth of various sewn articles.

The following comparison should be of interest to readers. While in the recent past -- specifically, in 1965 -- the republic produced 7.5 million square meters of silk cloth, this output has now reached 33.6 million square meters annually. During this same period the output of knit underwear increased from 8.5 million to 47.3 million articles and knit outerwear increased by more than fourfold.

This year 24.3 million meters of cotton print, 8.8 million meters of satin, 4.4 million meters of flannel, 8.5 million meters of pillowcase ticking and other high-demand cloth will be produced from cotton cloth which enterprises of this sector did not process until five or six years ago.

More than 1,700 new styles of clothing, footwear, leather goods, cloth and linen designs are introduced into production each year. This ensures a 50 to 80 percent update of product assortments.

In response to consumer demand, more attention has been devoted in recent years to increasing the output of goods for children. Today children's varieties account for about half of the total volume of consumer goods produced. Enterprises of this sector have begun to turn out new products for the smallest consumer -- fur playsuits, denim jackets, suits of cotton, knit and woolen fibers and double socks. Most of the articles are adorned with various types of trim.

But still, as the letters from readers attest, the demand for a whole host of articles is not being satisfied. For this very reason the quest for ways to rapidly eliminate this disparity, or the so-called deficit, remains the constant concern of workers in light industry.

As a result of further implementation of organizational and technical measures, production of high-demand children's goods made from cotton cloth will increase in the current year: suits by 80,000, dresses by 100,000, boys' shirts by 60,000, tights by 100,000 pairs. Production of cotton cloth will increase by 15 percent over last year.

Consumers complain of a shortage of children's tights, for which demand has risen sharply in recent times. The Kishinev knitwear association "Styaua roshiye" which produces these tights is increasing its production by 150,000-200,000 pairs annually, with more than half of this output in sizes 14-16. In addition, the knitwear enterprises of the republic have set up for production of creepers of the same design as tights. But, as we understand, this still does not solve the problems. Therefore the ministry has directed construction of a dye and trim production facility in the "Styaua roshiye" association which is to go into operation in 1982 with a resultant increase in production of such articles of more than 2 million pairs.

The demand for cotton dresses has also undergone a radical change. After all, only five years ago the demand for these garments was relatively limited since they were purchased primarily for work or house wear. They have now become an indispensable part of the feminine wardrobe for leisure wear and with added trim -- lace, special braid or other accessories -- they have become smart fashions. And so it ensued that demand for such dresses increased significantly while capacities of the enterprises to produce them remained at practically the same level.

We are constantly seeking ways to satisfy the rising demands of the population. Just in the last two years production of cotton dresses has been increased by 300,000 units. Moreover, the Bendery sewing mill imeni 50th Anniversary of VLKSM, which specializes primarily in production of light clothing, is projected for reconstruction and expansion in the Eleventh Five-Year Plan. This will make it possible to further expand the assortment of these garments.

At the same time I would like to answer Comrade Ye.F. Darchinova, who accentuates the favorable consumer qualities of the knitted linen "Krimplen." This material, she writes, presents itself in the best possible light. Almost half a million assorted articles for women will be produced from this material in the current year and the demand for them will, according to market surveys, be satisfied.

In answer to G.S. Stepanov's letter I might voice the reminder that men's suits made from woolen cloth are produced in this republic by the Kishinev sewing mill imeni 23rd CPSU Congress. Last year alone this mill produced suits in 22 styles, in sizes 44-64, in three degrees of fullness, for all age groups and of various designs: single-breasted, double-breasted, sports and youth styles with various types of lapels. Half of these styles were awarded the State Mark of Quality by the State Certifying Commission.

Over the ministry as a whole it is planned that the styles of 66 percent of sewn articles, 80 percent of leather footwear and 64 percent of cloth will be updated during 1980.

Unfortunately mass production still has not achieved the ideal set forth by the artistic council -- that no defects be allowed in the production of articles. High-quality assembly of pre-cut articles is not always ensured. At times such facts are attributable to deficiencies in the work of cooperating entities, suppliers of raw materials, dyes, accessories, etc. For these reasons the articles turn out to be uninteresting and unattractive, about which the readers of this newspaper complain justifiably in their letters.

Often is the case that, due to the negligence of some enterprise workers, the products arrive at the counter without the necessary preparation, i.e. without being sorted by style, size and color. The ministry is taking steps to ensure closer adherence to obligations for delivery of goods in accordance with signed agreements.

We have a lot of work to do on improvement of relationships with the trade organizations which carry out the process of placing our goods into the hands of a specific consumer. After all, the consumer most often evaluates the work of industry on the isolated fact that his needs are not being satisfied. In practice there are cases where some stores have limited space for display of goods. This precludes displaying articles by style, color, size and other distinguishing factors. Such small stores sell clothing of only one or two sizes and age groups in a limited number of styles. Under these conditions the consumer will suffer an inconvenience in the selection of clothing. A large role in correcting this situation can be played by the wholesale houses, one of the functions of which is stocking of goods, sorting them into assortments and distributing them among the stores, particularly those that are not specialized or that do not work directly with the enterprises.

With this purpose in mind, we are planning, jointly with the Ministry of Trade, to open a number of factory outlet and specialized stores and form a large number of highly skilled brigades so that the main motto of their work will be "Made Excellent -- Sold Excellent."

And in conclusion I would like to say that the readers' letters will be studied further and some of the suggestions will be passed on to specific executives for guidance in further efforts to seek out more effective ways to satisfy the ever-increasing demand for consumer goods.

Minister on Lithuanian Situation

Moscow KOMMERCHESKIY VESTNIK No 5, Mar 80 pp 16-19

[Text] The country has entered 1980, the final year of the Tenth Five-Year Plan. The past years have shown that plans for production of consumer goods -- in particular plans for maximum satisfaction of the needs of the population for clothing, footwear, cloth, leather

articles and other products of light industry -- are on the whole being fulfilled successfully. As is known, this very important sector is faced with a task -- to increase production of goods by a factor of 1.6 during the five-year plan.

Our correspondent, I. Savchenko, asked the Minister of Light Industry of the republic, Jonas Kazimirovich Ramanauskas, to tell us how this goal is being achieved in the Lithuanian SSR.

Correspondent: The articles produced by enterprises of light industry of the Lithuanian SSR are widely known to readers of our magazine -- commodities managers, workers of the clothing industry, etc. Still we would like to know what is now characteristic of the republic's light industry. What does it offer to consumers? What are its intentions for the future?

Minister: In 1979 enterprises of the ministry produced 1,635 million rubles worth of goods. The 16 basic groups in our nomenclature are: cotton, silk, woolen and linen cloth; non-cloth materials; underwear and outer clothing; hosiery and knitted articles; carpets; felt footwear; furs; textile haberdashery; leather goods; women's toilet articles.

The volume of production of most of these articles has made it possible to fully satisfy existing needs of the republic's population. For example, in the past year enterprises of our ministry alone produced 10 million pairs of leather footwear, i.e. three pairs for each resident of the republic. We produced 102 million square meters of cotton cloth, 19.8 million square meters of woolen cloth, 37 million square meters of silk cloth, 26 million square meters of linen cloth, 43,225,000 articles of knitted underwear, 14,700,000 articles of knitted outerwear, etc.

And this represents not only quantity but, importantly, varied assortment and high quality as well. It is pleasant for us that the men's coat cloth "Baltika," "Mindaugas," and "Shilas" and the women's coat cloth "Neriya" and "Punya," produced by the Kaunas wool production association "Liteksas"; pile, smooth-dyed and printed cloth "Birzhyalis," "Rusne," "Shelna," "Pyarlas" and the artificial fur "Meshkenas," from the Order of Labor Red Banner silk combine imeni P. Zibertas; the suit cloth "Zalvarnis," "Laukis," "Kedras" and "Zhil'virtis," from the Kaunas Order of Labor Red Banner woolen association "Dobre"; the silk cloth "Pavasaris" and "Yurga" from the "Kauno Audinyay" mill; the linen tablecloth material from the Panavezhis linen production association "Linai" and the cotton cloth from the Alitus cotton combine imeni 60th Anniversary of the Lithuanian Communist Party are well known both in our republic and over the country.

No less popular on the national market are the ready-made articles from Lithuanian enterprises: printed cotton knit articles from the Utena knitwear-haberdashery production association imeni Marite Mel'nikayte (children's sports jerseys imprinted with newspaper logos, pajamas of [frot], cotton curtains), men's and women's jackets made on flat[fangovyy] machines from wool yarn and a blend of wool and polyester textured threads from the "Vyarpstas" knitting mill, children's knitwear from the "Viliya" knitwear mill, as well as children's coveralls and suits for the preschool age group from the "Gyaguzhes pirmoyi" knitwear mill. There is increased demand for women's dresses made from artificial chamois and chamois backed with fur from the Vil'nyus sewing production association "Lyaliya," men's overcoats of artificial fur from the "Spalis" sewing mill, women's cotton dresses and men's cotton shirts from the Kaunas sewing production association "Baltiya", children's fur coats (from the Kaunas fur production association imeni K. Gedris) and women's fur coats (from the Vil'nyus fur production association imeni Yu. Vitas) etc. You cannot list them all.

Working on a pleasing assortment, we, of course, develop and acquire much that is new. In 1979 production was begun on about 40 new articles. Here are some of them. As you know soft coverings for floors are now gaining great popularity. Such articles were not previously produced in this republic. And now textile floor coverings under the "Mistra" name have started rolling off the conveyors of the "Linat" linen production association in Panevezhis. "Linat" will also produce linen-lavsan printed cloth of light weight for women's dresses and the "Kauno Audinyai" silk mill will produce dress jacquard cloth. The "Audeyas" textile weaving mill is beginning production of upholstery cloth made by the binding stitch method. It features increased resistance to wear and pretty contemporary coloring.

In 1980 we will expand the assortment of knitted articles that are popular with the population. Among these are an ensemble for women which consists of a jacket, vest and jumper (from the "Vyarpstas" knitwear mill) and outer knitwear for juniors (from the "Viliya" knitwear mill). And the Utena knitwear-haberdashery production association imeni M. Mel'nikayte has not forgotten our smallest citizens. This enterprise will produce ensembles for the new-born from [interlochnyy] linen with imitation velour as well as printed cotton articles for children.

Among sewn articles the Vil'nyus sewing production association "Lyaliya" will offer consumers the most new articles. These include children's coats in new styles lined with brightly colored artificial fur, women's jackets and men's sports coats of artificial chamois, overcoats and hip-length coats of contemporary double-sided cloth, the back side of which is used as trim. In addition, production of men's hip-length coats of natural chamois will be begun at the "Spalis" sewing mill. Still another new article -- a men's hip-length coat of a cloth blend over a warm lining of artificial fur -- will be produced at the "Daynava" sewing mill.

Of special interest in footwear are women's boot of the "Kazachok" type (from the leather footwear production association imeni P. Eydukyavichus) and men's sabot of an original design with a polyurethane sole (from the "Raudonasis Spalis" footwear factory).

In addition to these we will produce 45 more new articles in 1980.

Correspondent: What kind of products will be given preference?

Minister: Among the articles from our enterprises the greatest demand is for carpets and carpeting articles. In 1978 we had a quota of 2,270,000 square meters and we managed to produce 2,786,000. I think that we will succeed in surpassing the production level planned for 1980. Overall during the five-year plan production of these articles will increase from 1,330,000 to 3,700,000 square meters, i.e. by a factor of more than 2.85. We are striving to solve in a timely manner the problems of producing those goods for which there is an increased demand. For instance, in 1976 and 1977 the demand increased sharply for coats and raincoats of blended cloth and for denim jeans. Therefore in 1978 we more than doubled production of these items. As a result of sharply increased demand for girls' cotton dresses last year, the "Daynova" mill was reconstructed. This will make it possible to increase output of these products by 25-30 percent in 1980.

Taking consumer desires into account, the Alitus cotton combine produced five times as much flannel and printed satin as was originally planned in 1978.

In a word, we strive to respond as much as possible to dynamic changes in market needs and react in a timely manner to changes in demand by offering goods in appropriate assortments and volumes.

Correspondent: How are problems of increasing product quality being solved?

Minister: Quite naturally the level of demand for consumer goods depends not only on the quantity of goods on the market but also on their quality. And the more the market is saturated with a given product the more its quality governs the level of demand. Therefore we attach paramount importance to the quality indicator.

In the ministry overall in 1970 about 1,000 articles were awarded the Mark of quality -- 15.5 percent of gross production. And production of goods with the index "N" [normal] increased last year by a factor of 1.3 over 1978.

This was facilitated largely by introduction of a composite system of quality control. Such a system was introduced into 29 enterprises in 1979.

But we are not content with the indicators achieved. More can and should be achieved, as the positive experience of a number of our enterprises attest. For example, the Lyantvorskaya Order of Labor Red Banner carpet factory turned out almost 40 percent of its products with the Mark of Quality in 1979; the Vil'nyus fur production association imeni Yu. Vitas -- 32 percent; the "Vyarpatas" knitwear mill -- 23 percent. Overall in 1979 the Mark of Quality was awarded to 43 percent of carpet articles, 24 percent of silk cloth and 17 percent of knitted articles.

I want to point out that as we address questions of quality in our industry we must contend with phenomena which at first glance seem to have no bearing on quality, but which have a considerable influence on the level of demand and satisfaction of consumer needs, particularly esthetic needs.

The demand for sewn articles is increasing each year. This relates to updates and improvements in product assortments.

A survey of the republic's population has been conducted. As a result new guidelines have been developed which make it possible to more fully satisfy the needs of the population for articles by size and age group.

In addition to providing a better assortment we are also making clothes better. Articles are being sewn on the basis of a new size typology which ensures a significant improvement in the way clothes fit.

The quality of most of our products is evaluated by the consumer and according to existing rules of fashion. We must also take this into account to "keep in step" with fashion and constantly update and improve our product assortments. In 1978 61 percent of outer knitwear styles were changed, 55 percent of underwear styles and 46 percent of hosiery articles.

It goes without saying that the best results cannot be achieved in anything, and this includes improvement of product quality, without following the principle of material motivation of workers. Therefore we have developed and are making wide use of special provisions for awarding bonuses which are stimulating an increase in the relative volume of high-quality goods produced.

Correspondent: A large role in improving satisfaction of consumer demands is played by the inter-relationship between industry and trade organizations. What can you tell us about this?

In 1976 the Ministry of Trade and Ministry of Light Industry decided to undertake a joint study of consumer demand for products of light industry, formulating the study on the basis of demands of the day.

Light industry enterprises now have two direct-marketing stores: the leather footwear production association imeni P. Eydukyavichus in Vil'nyus and the Alitus cotton combine in Alitus. We will open a knitwear shop in

Vil'nyus in 1980. Of course, work in this area is not coming to an end. In the stores of the republic our enterprises have 23 direct-marketing section in which they are conducting studies of consumer demand for both current and future product assortments. They also collect and study requests and desires of consumers relative to assortment, product quality, design, conformity to style, etc.

Consumer demand is also being studied by the trade bases, which periodically conduct market surveys on groups of products being studied. Services for study of consumer demand exist in almost all enterprises. Data on consumer demand is submitted quarterly to the Minlegprom [Ministry of Light Industry] by the Vil'nyus central and children's department stores.

For the purposes of popularizing and advertising light industry products, particularly new ones, and studying consumer demands and opinions, etc., sales exhibits are held regularly according to a plan developed jointly by the ministries of trade and light industry. There were 104 such exhibits in 1978. In addition, a quarterly review is conducted, in cooperation with trade organizations, of goods for which demand is limited. During these reviews the reasons for product shortcomings are established and then timely steps are taken to improve the articles, step up their advertising or remove them from production.

All this allows us to keep constantly abreast of the market situation, react promptly to changes in the situation and, to a large degree, predict these changes.

We have certain claims against the trade organizations.

Long-term agreements on delivery of goods are still slow to make their way into practice in our inter-relationships. Up to the present the matter of goods delivery on long-term agreements has not been put in order. Resolution of this matter could significantly ease the problem of sales of products and organization of their production, which, in the final analysis, could yield unquestionable benefits for the consumer. Especially since there are positive examples in this area. For instance, the Order of Badge of Honor leather footwear production association imeni P. Eydukyavichus delivers 96 percent of its products on long-term agreements. Many of our sewing enterprises conclude agreements with trade organizations for five years and only specifications are refined during the trade fairs. True, the specifications can sometimes be "refined" to the point that of the original agreement only the overall quantity of deliveries remains. The question is -- Why does this happen? It seems to us that the trade organizations poorly predict future development of demand for certain goods. One might raise an objection by saying that the tasks of the industrial ministry include study and prediction of consumer demand. Yes, they do. But let us understand one important question. The 25th CPSU Congress once again pointed out the necessity for planning production of

consumer goods on the basis of orders from trade organizations. Orders are drawn up on the basis of an agreement. And a long-term agreement can be concluded only on the basis of a long-term order. To place such an order the trade organization must clearly define what, and in what quantities, it wants to receive from industry over the next few years, i.e. it must answer the questions of what the consumer needs now and what, and in what volumes, he will require in the near future. This is, of course, impossible without study and analysis of the development and prediction of consumer demand. It would hardly be logical or advisable for trade organizations to begin placing orders on the basis of predictions made by the industrial enterprises. Obviously the obligation to study and predict consumer demand lies first of all with the trade organizations themselves. The Ministry of Trade has a national institute appropriate for this purpose with branches in all the republics.

But trade does not always cope with this task with sufficient success. And every change to the specification or agreement and every delivery refused is a result of inaccurate prediction of consumer demand.

In my opinion we should return to the question of the advisability of parallel study of consumer demand by industry and trade and in any case fundamentally improve coordination of work conducted in this area.

I would like to see trade show more initiative and timeliness in the introduction of new articles to the market. Sometimes trade purchases them in very limited quantities, takes too long to assess demand and is slow to increase stock volumes. But articles from light industry are, perhaps more than other products, subject to the influences of style, taste and other rapidly-changing factors. Therefore they sometimes become outdated before they sufficiently saturate the market, even though industry has the capability to provide them in large quantities.

Correspondent: Obviously there are other factors which hamper successful development of production of light industry articles. What should be done to eliminate them?

Minister: Just as such factors exist in every complex business we also have them in ours. I will address two of them. The first is dye-stuffs. We have a shortage of dyes overall and particularly of good-quality and high-use dyes. We are not receiving chrome dyes at all. Many dyes do not offer reliability -- they fade and wash away quickly. The color range of indigo dyes is poor, there is no bright red or dark green, etc. The subject of dyes has been talked about for a long time but there is almost no change in the situation. What should be done? It is time for the Ministry of Chemical Industry to give serious thought to this matter.

It is well known that specialization has a positive influence on increasing volumes of production and on a whole host of other indicators. The level of specialization in light industry is now quite high, both in our republic and others. We are continuing this work, but again matters are often hampered by counterpart services in the trade ministry and the USSR Minlegprom. It is understood that these are complex questions and that they require detailed development and discussion, but the necessity for their soonest resolution cannot be put off. This is the second hinderance.

Correspondent: 1980 marks the 40th anniversary of the restoration of Soviet power in Lithuania. It is known that enterprises of light industry were operating in the republic even before 1940. What has been done in your sector of industry in the ensuing years?

Minister: If you discount the war years, most of which our republic was under occupation, and the several years spent on reconstruction of our wrecked economy, it was actually not until 1950 that light industry in our republic attained its pre-war level. The chronology of its development should begin at that point. How far have we now come?

In 1939 Lithuania produced 8 running meters of cloth of all types and 0.3 articles of underwear and knit outerwear per capita. These figures in 1978 were 50 running meters of cloth and 17 articles of underwear and knit outerwear. In bourgeois Lithuania flax fiber and linen cloth, carpet articles, etc. were not produced by industrial methods at all. There was almost no machinery in the existing private enterprises; manual labor predominated.

During the years of Soviet power eight major enterprises have been built in the republic: the Order of Labor Red Banner silk combine imeni P. Zibertas, the cotton spinning mill imeni A. Petrauskas, the Lyantvorskaya Order of Labor Red Banner carpet factory, the Alitus cotton combine imeni 60th Anniversary of the Lithuanian Communist Party, the Utena knitwear-haberdashery association imeni M. Mel'nikayte, the Kapsukas bulk-yarn mill and flax mills in the cities of Panevezhis and Nauyamestis. Dozens of other enterprises have been reconstructed, expanded and equipped with the newest equipment. These include the Shyauliyay leather footwear production association "El'nyas," the linen cloth mill "Linu Audinyay," the Kaunas sewing production association "Baltiya," the "Nyavenhis" sewing mill, the "Audeyas" spinning and weaving mill, the "Mastis" knitwear factory and others.

While enterprises of light industry formerly existed primarily in only Vil'nyus, Kaunas and Shyauliyay, they are now in more than 40 cities of the republic. Much attention has been devoted to development of light industry in those regions where it did not previously exist, which in turn has had a great influence on the further economic and social development of these regions. So that now the per capita output of goods,

in most product categories, significantly exceeds norms for rational consumption. And we intend to increase volumes of production the future, primarily of those goods which are in short supply on the national market.

First, we will increase the volumes of production of woolen cloth and articles made from it, as well as knit, textile and haberdashery articles. First-stage processing of flax will undergo significant development.

Particular attention will be devoted to increasing production of goods for children.

Our demands for quality will continue to grow even more. In a word, we will do more and we will do it better.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

ROLE OF BANK CREDIT IN LIGHT INDUSTRY EVALUATED

Moscow DEN'GI I KREDIT in Russian No 11, Nov 1979 pp 67-72

[Article by T. K. Korneycheva, head of the bank loan board in light industry, USSR Gosbank Administration]

[Text] The government allocates enormous resources, which must be utilized wisely and with the greatest return, in order to implement measures for further increase in production of consumer goods, increasing the effectiveness of production in sectors of the light industry and upgrading the quality of products.

The work pertaining to economics done by Gosbank institutions in the process of issuing loans and accounting, as well as supervision of economic and financial performance must aid in more economic and effective use by associations and enterprises of the light industry of material, manpower and financial resources, and disclosure of existing production reserves.

Supervision of proper, goal-oriented and effective use by enterprises of bank credit is particularly important in the light industry, since they are presently the decisive elements of sources for formation of sectorial working capital.

As we know, since 1 January 1968, the demand for working capital to form a stock of raw material, primary materials, semifinished products, incomplete production and ready production at enterprises in the system of the USSR Ministry of the Light Industry exceeding the standards prevailing on 1 January 1968 is covered by Gosbank credit. The decision to form the basic production expenditures by means of bank credit coincided with a period of most intensive development of the light industry. In the years of the Eighth Five-Year Plan, 360 enterprises and facilities of the light industry were started up; and more than 400 new and remodeled enterprises were put on line under the Ninth Five-Year Plan. There has been significant expansion of the raw materials base of this industry, and this required additional investment of both their own and borrowed

funds. All these factors, as well as several others, had an appreciable influence on change in both structure of working capital and sources of covering it.

Thus, as of 1 January 1979, the standards for working capital as a whole in the system of the USSR Ministry of the Light Industry more than doubled, as compared to 1 January 1968, the increase constituting 72.9% for bank credit and 27.1% referable to profit and other sources. The specific share of credit in sources of payment [covering] working capital as a whole increased from 56 to 71.1% within the same period in this sector and, accordingly, there was a decrease in specific share of their own funds.

In order to intensify control over issuing credit to build up a stock of raw materials, basic materials, semifinished products, incomplete and ready production, annual determination of the demand for these items in preparing credit plans, as well as in view of the fact that the stock of incompleting production and ready production in enterprises of the light industry (with the exception of primary processing of agricultural raw material) is usually not the object of bank credit according to planned loans, a new object for credit was introduced, which was named "Credit for increment of standard for internal working capital," with entry thereof by a separate code in the statistical records of short-term loans. The procedure for determining the standard of internal working capital of industrial enterprises is described in the third section of the "Main rules for preparing estimated income and expense balances (financial plans), plans of income, estimates of expenses for social and cultural measures and upkeep of management bodies," published by the USSR Ministry of Finances in 1976.

The existing methodology stipulates that in estimating both the standards and increments thereof, the stock of commodity assets to be for which standards are being set is divided into two groups: a) stock that is directly related to volume of production: raw and basic material, ancillary materials, fuel, incomplete and completed production, containers; b) stock that is not directly related to volume of production: items of little value with short life, spare parts for routine upkeep, etc.

Calculation of planned stock in the two groups is made on the basis of rate of growth of commodity production according to cost, but in a different proportion.

The first group of reserves [stock] is determined on the basis of the standard established for the start of the planning year and rate of growth of commodity production according to cost as related to the plan for the preceding year, with due consideration of possible reduction of the standard due to implementation of measures that accelerate turnover of working capital.

The increment in the standard [quota, allowance] of internal working capital for the following year is defined as the difference between the standard calculated at the end of the year and amended standard at the start of the planning year.

In accordance with letter No 98/13-03 dated 24 April 1974, issued by the USSR Ministry of Finance and the USSR Central Statistical Administration, credit issued for increment of the standard of internal working capital is reflected in the first section of the debit part of the statement. For this reason, the balance of an enterprise of the light industry includes in the standard of working capital the part covered by the Gosbank loan to augment the standard. The rate of growth of the standard of internal working capital, formed with consideration of bank credit issued for it to increase over a period of a year should not usually overtake the rate of growth of production.

In the decree of the CPSU CC and USSR Council of Ministers, "On improvement of planning and intensification of the influence of the management mechanism on upgrading the effectiveness of production and quality of work," there are provisions, along with a number of other measures, for the industrial ministries of the USSR to prepare economically substantiated standards for working capital for industrial associations (enterprises) in 1979-1980 and to approve them in coordination with the USSR Ministry of Finance, to have the internal working capital of production associations conform with the above standards, with replacement if necessary of part of the standard with bank credit, for the purpose of increasing the concern of industrial associations (enterprises) about better utilization of production funds and saving material resources.

Hereafter, prior to elaboration of economically substantiated standards for internal working capital and determination of the sources of formation thereof, the light industry enterprises will continue with the above-mentioned procedure currently in effect for forming an increment in the standard with reference to raw and basic material, semifinished products, incompletes and completed production at the expense of bank credit.

Let us consider an example of estimating the increment of the standard for internal working capital of an industrial association (enterprise) (see Table).

In the event that an assignment has been given to the enterprise, for which determination is made of extent of credit to augment internal working capital, to accelerate turnover of working capital, the extent of credit must be appropriately decreased.

Let us assume that, in our example, the enterprise was given the assignment to accelerate turnover by 2% in 1979. The amount of credit

given to augment the standard under these conditions should be reduced by 10,000 rubles ($550 - \frac{500 \times 2}{100} = 540,000$ rubles). If the target for accelerating the increase in turnover of working capital is set in days, for the sake of convenient calculation it can be converted to a percentage, proceeding from the following calculation: the target set for the enterprise for 1979 is to accelerate turnover by 2 days, with planned turnover of 90 days for the assets for which the standard is being set. When calculated as a percentage this would be: $\frac{2 \text{ days} \times 100}{90 \text{ days}} = 2.2\%$. Proceeding from this target, the size of the loan to increase the standard in our example is reduced by 10,000 rubles ($550 - \frac{500 \times 2.2}{100} = 539,000$ rubles).

Item	Rubles
1. Commodity output according to planned cost for 1978	1,000,000
2. Commodity output according to planned cost for 1979	1,100,000
3. Rate of growth in commodity output in 1979, percent of 1978	110
4. Standard of internal working capital at the start of 1979 referable to raw and basic materials, purchased semifinished products, incomplected and completed production with consideration of 200,000 rubles credit to increase the standard	500,000
5. Standard of internal working capital at the end of the year on the basis of the rate of growth of commodity output ($\frac{500 \times 110}{100}$)	550,000
6. Increment in standard for internal working capital for 1979 (item 5 minus item 4)	50,000
7. Extent of bank credit issued for increment of standard subject to payment in 1979	50,000

When following the above procedure for estimating an enterprise's need for credit to augment the standard of internal working capital, as shown in our example, the rate of growth of commodity output according to cost in 1979 is considered to be 110%, as compared to 1978. However, when we analyze the structure of credit payments to this enterprise and compare the rate of growth of bank credit for this enterprise to the rate of growth of output, we shall find a disproportion, which is related to the methodology of determining the need for credit to augment the standard.

Thus, in our example, the indebtedness for the loan obtained to increase the standard at the start of 1979 constituted 200,000 rubles, amounting to 250,000 rubles at the end of the year because of the additional payment of 50,000 rubles, so that the rate of growth of credit will be 125% for the year. As applied to credit for increment of standards, this is a normal phenomenon that will be partially cancelled out as a result of increase in the standard referable to credited items of debit sheets being standardized and, accordingly, decreased payment of planned credit referable to physical commodity assets.

In the 3 years of the 10th Five-Year Plan, credit provided for increment of the standard for the USSR Ministry of the Light Industry as a whole increased by 42.6%, whereas the overall amount of credit deposits increased by only 8.2% according to remainder of indebtedness in this sector, which is somewhat less than the rate of growth of production in this time.

Having determined, as described above, the annual need for credit to augment the standard, the Gosbank institution pays out the credit limit quarterly, if such a limit has been set for this purpose, and this is usually done in equal amounts over the period of a year.

Prior to issuing credit, a breakdown of the loan is usually made together with the association or enterprise according to items of assets to be standardized: raw and main material, semifinished products, incomplected and completed production.

Distribution of credit over the different items of production expenses is based on the share of allocation of the standard of internal working capital established for the economic body. Special attention must be given to enterprises of the light industry, the operation of which is unrelated to seasonal production and in which the share of internal capital in sources of formation of working capital at the start of receipt of credit for increment of the standard was greater than in the textile industry.

Thus, of the total amount of credit outlay for the USSR Ministry of the Light Industry as a whole as of 1 January 1979, 66% of loan indebtedness is referable to enterprises of the textile industry, including 11.3% credit for increment of the standard, whereas in branches of the light industry almost one-third of the owed credit is made up of loans to augment the standard.

Moreover, credit for increment of the standard for internal working capital is a materially secured credit given against physical commodity assets with respect to its economic content, as is the case with planned loans.

In view of all these circumstances, when distributing the credit to be issued one must take into consideration that there must be a certain proportionality of distribution for raw material, basic materials, incompleted and completed production, as well as the presence of commodity stock in the amount of the established standard for internal working capital increased by the sum of credit issued for increment.

We cannot, for example, agree with the lack of control displayed by Gosbank institutions in Azerbaijan SSR, where 4.8 million rubles of the 8.7 million load indebtedness for increasing the standard for the sewing factory imeni Volodarskiy (Baku), or almost 60%, was credited to completed production, and as a result its planned stock at the warehouses constituted 21 days of output sales together with the standard for the internal working capital. The same situation exists at the knit clothing factory in Sumgait, where the standard for internal working capital, counting credit for increment thereof, constituted more than 46 days of sales as of 1 January 1979, while 83% of the total credit issued to the factory for growth of the standard was assigned as a whole for completed and incompleted production.

When issuing credit to enterprises in the light and textile industry for growth of the standard, the Gosbank institutions implement control over inadmissible use of such credit to cover stocks of products of poor quality and those that are not selling well, as well as output that is not selected or returned by buyers because it does not conform with the ordered assortment. For this purpose, when checking indebtedness on loans for commodity stock, the Gosbank institution must have information about the breakdown of expenses referable to incompleted production and leftover completed output for which credit is issued to increase the standard. Such inspections should be conducted periodically at the local economic body. When stock that is of poor quality, slow selling and nonstandard is found, when determining completion of the quotas (with consideration of credit for increase therein) one must reduce accordingly the existing stock of incompleted production or completed output by the amount of such stock, and exact payment of indebtedness that is not secured for this reason. For example, according to the balance of an enterprise, the leftover completed products (or incompleted output) constituted 300,000 rubles, including 40,000 rubles referable to output that is not in demand, discounted or that sells poorly. When compared to the standard, completed output (incompleted production) in the amount of 260,000 rubles (300,000 - 40,000) is taken into consideration and with a standard for internal working capital of 280,000 rubles (including credit for a 70,000 rubles increment), the unfilled [?] standard will be 20,000 rubles. This is the amount that must be taken into consideration in determining the size of a loan referable to commodity stock, with a demand for recovery of the insufficient security thus formed.

Nor should instances be allowed of reducing the standard for raw material, which was formed through credit for increase to raise the standards referable to incompleting and completed production. When such situations are found, the surplus leftover raw material [in excess of the quota] formed for this reason is not accepted for credit.

The share of credit referable to increment of the standard in the established standard for internal working capital as a whole in an enterprise differs in different sectors of light industry, and it depends on a number of factors such as, for example, the level of originally set standards, additional allocation of working capital to the enterprises from other sources, annual allocation of funds for increasing the standard referable to items of assets for which credit is not given, and others. At the same time, since the amount of credit provided for increase in the standard influences the structure of an enterprise's working capital and sources that cover it, these indices must be thoroughly analyzed by institutions of Gosbank in the crediting process and, when necessary, discussed together with economic and finance services of the industry in order to prepare appropriate suggestions for superior bodies of economic management.

At the present time, credit to be used to increase the standard for internal working capital can be issued to newly built enterprises provided they had an internal working capital consistent with the projected capability thereof at the time they were started up.

In this regard, at the time of initial issuance of credit to increase the standard, such enterprises must determine the extent to which full consideration was given of the need for internal working capital as set for them by the standard.

This year, the USSR Ministry of the Light Industry, along with construction ministries, have been assigned the task of building new enterprises and expanding existing ones in the field of light industry commodities and bringing new resources into production at these enterprises in 1980-1983, which are to build and further expand enterprises that produce cotton, silk and linen fabrics, shoes, sewed goods and other products that are in high demand by the public.

In this regard, Gosbank institutions must pay more attention to prompt and complete use of new production resources when they issue credit and make estimates, as well as activate work dealing with preparation and formulation of draft plans of development of the light industry in Union republics in the area of preparation of proposals to finance bodies concerning allotment to such enterprises of internal working capital in accordance with the planned output.

At the same time, formation of standards for internal working capital at the expense of bank credit does not solve entirely the problem of

setting economically warranted standards for associations and enterprises in the light industry, since the extent of credit for increase in raw and basic materials, semifinished products, incompletes and completed production is based on the rate of growth of volume of output and standards in effect on 1 January 1968, which does not reflect the changes in management that have taken place since then.

In a number of sectors of the light industry, associations and enterprises, the standards for internal working capital established on 1 January 1968 did not provide for the so-called "minimum planned demand" for working capital, and this rift remained even after providing credit for increment of the standard.

In enterprises of the textile industry that purchase and perform primary processing of agricultural raw material (cotton plants, linen plants, factories for primary processing of wool, rawhide plants, etc.), the question of inadequate standard does not usually arise, since the stock of agricultural raw material, provided its quality is preserved, it is promptly processed and other conditions are met, is credited by the bank in accordance with a special loan account at all stages of processing, including the end product obtained from such material.

This also applies in part to enterprises of the textile industry, which have spinning mills and perform secondary processing of agricultural raw material, in which the stock of natural fibers--cotton fiber, linen fiber, washed wool, raw silk, waste from processing thereof, noil and other forms of agricultural raw material--is subject to credit by means of a special loan account.

At the same time, when issuing credit for other commodity stock in associations and enterprises of the textile industry and, particularly the light industry, accumulation of which is unrelated to seasonal production and against which credit is issued from simple loan accounts, some Gosbank institutions refuse to issue planned credit in a number of cases for various reasons, including inadequacy of the set standard for internal working capital referable to production stock that is the object of bank credit.

Practice has shown that, in most cases, a refusal to issue credit is attributable to insufficient investigation of the causes that influenced the formation of surplus [above the standard], uncredited commodity stock in a given enterprise.

For this reason, when advancing loans against surplus stock of raw and basic materials, semifinished products, including purchased thread and unbleached cloth in the textile industry, accumulation is unrelated to a seasonal type of production, one must proceed from the main thesis covered in item 2 of the USSR Gosbank instructions No 1, dated 29 May 1975, to the effect that loans are issued against unseasonal commodity

stock when accumulation of such stock is provided in the plan, as well as by a change in assortment of produced goods, structure of raw material and materials used due to irregular delivery, working conditions of suppliers, unloading in accordance with transit quotas, imported items and other causes.

In spite of the fact that, on the whole, the objective of mobilizing resources within the economy [or farms?] has been reached by the USSR Ministry of the Light Industry in 1978, the surplus commodity stock, against which no credit was issued by the bank, was 18% lower at the start of this year, as compared to 1 January 1978 and 12.6% lower on 1 April 1979, as compared to 1 April 1978, and diversion of internal working capital into surplus leftovers remains considerable, being one of the main causes of delayed settlement of bank loans, suppliers of commodity stock, budget and other payments. Most (over 70%) of the surplus of commodity stock is referable to production stock, which is the object of bank crediting. For this reason, when inspecting [controlling] economic and financial activities of associations and enterprises of the light industry, the economists of Gosbank institutions must devote particular attention to the study of the composition of commodity stock, causes affecting formation of surplus commodity stock and render prompt assistance to them in the form of planned loans against legitimate credit objects; they should not allow instances of unwarranted restrictions on payment of accounts pertaining to physical stock when issuing payment credit to economic bodies that are temporarily in financial difficulty. One should also practice on a wider scale payment of accounts from the corresponding loan accounts on credit against commodity stock and work performed in the presence of the right to receive payment credit and free credit limits, thereby implementing on-target settlement of accounts.

It is stressed in the decisions of the 25th CPSU Congress that "an increasingly persistent demand is being made of our industry, not simply to produce more commodities for the public, but to produce goods of a high quality that would fully meet the growing consumer demands."*

In the process of issuing credit and making settlements [calculations?] with enterprises of the light industry, Gosbank institutions devote much attention to control over the quality of output produced and delivered by them; they constantly assist with credit to fulfill and overfulfill assignments pertaining to the production of consumer goods and products in great demand. Credit pertaining to the production of new goods and improvement of their quality has increased in the sector as a whole by 65.4% in only 3 years of the Tenth Five-Year Plan. However, the absolute amount thereof is not large, while its share of the overall

*"Proceedings of the 25th CPSU Congress," Moscow, Politizdat, 1976, p 147.

credit investment in the USSR Ministry of the Light Industry constitutes slightly over 1%, which cannot be considered sufficient at this time of improvement of assortment, production of higher quality and new types of commodities by the industry.

The measures that have been taken in sectors of the light industry to start production of new types of fabrics, styles and fashions of clothing and shoes, along with the use of high quality raw material, require additional labor, as well as time to develop samples, introduce them, fix prices, determine marketing channels, etc. Under such conditions, credit for accumulating production stock in excess of the standard, including specialized tools and specialized attachments [devices], surplus remainder of incompleted production and completed output for a period of up to 1.5 years is of great importance to enterprises that are converting to a new type or improved assortment of products.

In the course of issuing credit and controlling the economic and financial work of the Drobe Wool Association, the Kaunas department of Gosbank in Lithuanian SSR established that in the last few years this association has been doing much work to upgrade the quality of wool fabrics and renewing up to 64-70% of the assortment thereof. In 1978, this association created 411 types of fabric designs, expanded significantly the range of colors used in spinning wool for the knitwear industry, 46% of its fabrics were awarded the State Quality Badge and over 50% the index "N" (for "new").

Implementation by the association of steps to expand and renew the assortment of manufactured products made it necessary to increase the incompleted product remnants by spinning wool for weaving in a large number of colors and shades, altering technological conditions, which lead to accumulation of a surplus [above standard] stock of the order of 2-2.5 million rubles. The economists of the Gosbank department issued credit, on the basis of a comprehensive study of the causes of accumulation of this stock, against the surplus remnants of incompleted production in view of the manufacture of new products and improvement of product quality, in the amount of 2 million rubles, which aided in normalizing settlement with suppliers and provided the necessary conditions for the association to implement measures pertaining to renewal of their assortment of goods in the current year as well.

This work is well-organized in Gosbank institutions of Leningrad. For example, credit is being actively furnished for such purposes to the Skorokhod industrial association by the Moscow department of Gosbank, and its share in overall credit investment in the association exceeded 50% this year, and this is largely instrumental in increasing the manufacture of a better quality of products. In 1978, the share of highest grade products almost doubled, as compared to 1977, and constituted 13.5%; the manufacture of new samples and fashions increased by 7.6%, and has

reached 22.2%; there has also been an increase in production of first-grade goods.

It should also be borne in mind that annual renewal of assortment, manufacture of goods of improved quality and highest quality grade in the light industry requires the constant involvement of bank credit in this process for each enterprise, with concurrent analysis of the effectiveness of its use.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

FORECASTING EFFECTIVE DEMAND BY SCIENTIFIC METHODS

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[Article by F. Krutikov, department head at the All-Union Scientific Research Institute of the Study of Consumer Demand and Marketing Conditions]

[Text] The typical distinction of socialism, its basically new feature and main advantage is scientific organization of management of the economy. It enables socialist society to depict the real situation in concrete socioeconomic indices, making use of such powerful tools as accounting [statistics] and national economic planning.

The qualitative changes in the economy at the stage of fully developed socialism result in greater demands with respect to planning the national economy and managing it. The substance of these demands consists of maximum orientation of the plan and all of management toward reaching the main goals: acceleration of scientific and technological progress, increasing the effectiveness of production, upgrading the quality of production and achieving higher ultimate results.

The specific tasks dealing with improvement of planning and management were spelled out in the decisions of the 25th CPSU Congress. In particular, they consist of taking into fuller consideration in the plan of social demands and meeting them with the most effective use of manpower, material and financial resources, as well as providing better substantiation of socioeconomic forecasts and expanded use thereof in preparing plans for the national economy.

Scientific substantiation of forecasts is based on extensive information about the past, present and future development of the national economy and existing socioeconomic processes. Forecasting effective consumer demand occupies an important place here.

Utmost satisfaction of the growing material and spiritual demands of people is the loftiest goal of socialism, its chief economic law. V. I.

Lenin wrote: "Socialist society is a single large consumer society with planned production for consumption."*

Within a specific period of time, the level of satisfaction of public demands emerges as one of the main economic indices, and it characterizes the degree to which socialist society has reached its supreme goal. At each stage of history, socialist society strives to establish a structure of production and sale of consumer goods that would best conform with actual public demands. For this purpose, planning and management agencies must have sufficient information about the extent to which the demand is met, which goods and in what amounts the demand will involve in 1 year, in the next five-year plan and in the more distant future. Forecasts of public demands referable to merchandise and services are called upon to furnish such an estimate.

The role of forecasting demand is increasing in the presence of fully developed socialism. The typical features of the present stage are: the decisive turn of the entire national economy toward achieving the main goal of socialist public production; enormous growth of its scale; intensification of interdependence of all areas, branches and levels of the economy; more complex intersectorial relations; increasing abundance of goods on the domestic market. Practice shows that planning, in particular of development of production of consumer goods, when made without adequate consideration of projected development of public demand, does not provide for the required effectiveness of ultimate national economic results.

Goal-oriented (with respect to development of production and consumption) and goods-oriented (pertaining to volume and structure of actual consumer demands for goods and services) thinking by planning and management bodies for the purpose of constant implementation of the economic strategy of the CPSU should be considered the main objective of forecasting public demand. Forecasts must become an effective scientific tool for the formation of future demand and consumption.

At the present time, they do not fully serve this function. The established "traditional" conceptions of forecasts of demand, their essence, special purpose and organizational-methodological system of preparation, which have now lost their scientific and practical significance, are a rather important reason for this.

In theory and practice, forecasting the demand is generally construed as predicting trends in future development of demand on the basis of determination of its objective patterns and relations to deciding factors. In fact, however, this all amounts to extrapolation for the forecast

*V. I. Lenin "Poln. sobr. Soch." [Complete Works], Vol 11, p 369.

period of past quantitative characteristics and trends of development of retail sales of goods are mean consumption thereof per capita (depending on the type of commodities) with some adjustment for the projected growth of national income, change in population size and emerging prospects for increasing commodity resources. For long-range forecasts, the projected norms of rational consumption are usually taken as a guideline, and the forecast consists of determining the dates at which they are reached, and required sales to the public of corresponding goods for this growth rate. In this case, the forecasts are somewhat less static ["sluggish"]. However, even so, one cannot escape transference of past trends to the future.

This can be attributed, in part, to the fact that forecasting the demand is not infrequently made by means of mathematical-economic modeling based on correlation-regression analysis. This method consists of first determining the relationship between the status of the object of the forecast and one or several causative factors over several prior years; then the most significant of these factors is deemed the decisive one and inputted in the model of demand which usually is in the form of an equation of multiple regression. Prior levels and trends of development are used as parameters in the calculations. Consequently, forecasting is automatically reduced to extrapolation to the future of the causative determination of the past.

For example, when determining the demand for commodities, calculation is made of the annual rate of growth of resources of relevant goods for the 3 preceding years, then the expected sales for the current year are multiplied by these growth rates, and the obtained figure is considered the demand forecast. It is expressly as a result of such forecasting that there occurred at one time first a shortage then a surplus of magnetic tape and several other commodities. In forecasting the demand for cotton stockings, income and rates of growth of sales over the 3 preceding years were taken into consideration. But the fact that these rates were determined chiefly by the shortage of resources at that time was overlooked. As a result, the forecast was too low. Using it as a guide, the industry reduced production and a shortage developed.

Careful objective analysis shows that this methodology, the description of which was the subject of quite a few recent books and articles, is overtly contradictory to the nature of the process of formation and development of demand under the conditions prevailing in our country.

Demand is a complex socioeconomic phenomenon that is notable for extreme dynamism. As a form of manifestation of effective demand and duality, demand is closely linked with the majority of the most important national economic factors by dialectical correlations. The volume, structure and physical characteristics of public demand for commodities and services depend primarily on the national income, correlation between consumption fund and accumulation fund, level of personal consumption fund and social

consumption funds, productivity of labor, level of and correlation between retail prices, development of personal subsidiary plots [farming], housing construction and other factors. For this reason, the trends in formation of demand are determined primarily by overall conditions of development of the nation's national economy at a given stage.

Thus, demand is formed and developed under the influence of numerous diverse factors, which are manifested to different extents in different periods of time. It is notable for extreme irregularity, and it is largely of a random, probabilistic nature rather than determinate (in the sense of strict causative determination). This means that, when forecasting the demand, one cannot, in principle, record and extrapolate to the future some of the already known conditions of its development (growth rate, causative determination in prior years, etc.). In other words, a forecast in the form of simple extrapolation, no matter what symbols some economists would use to embellish it in models, is a mistake, particularly when mass scale trade and economic statistics are taken as its basis, when the structure of retail sales turnover is determined instead of demand and its causative relations.

In general, forecasting is a system of argumented and scientifically substantiated conceptions of the possible course and probable conditions of development of the object of the forecast within a specific period of time in the future. The main element that distinguishes scientific forecasting from so-called opinion about the future (as forecasting is defined by bourgeois specialists and, following them, some of our economists), its orientation toward a specific purpose [goal]. A forecast should give information, not only about the object proper and possible directions and results of its development, but about the resources needed to achieve them.

A mandatory prerequisite for scientific forecasting of demand, particularly over a 5-year or long-range period, is to tie it in with the general patterns of development of socialist economy and progressive social changes that are taking place. For this purpose, one must, first of all, take into consideration national economic factors: growth of national monetary income as a whole and for different income groups, possible changes in retail prices, achieved level of satisfaction of public demands for consumer goods and services, influence of scientific and technological progress, projected levels and directions of development of the economy as a whole and in different regions. Without this, a forecast cannot be considered an effective tool for forming future demand.

Apparently, one should abandon the practice of determining overall volume of demand based only on current monetary national income. The fact of the matter is that this reflects only part of the cost equivalent of effective demand for goods and services. The purchasing fund, in which one finds quantitative expression of the overall volume of public demand, should be calculated with due consideration of unsatisfied and

deferred demand of prior years, which is partially accumulated in a certain share of the amounts deposited by the public in savings banks. One must estimate both the overall volume of unsatisfied demand and the part that could be actually made in the forecast period. This would define the level of satisfaction of public demand, which is quite important for balanced plans.

The influence of scientific and technological progress on formation, development and satisfaction of demand causes structural changes, which are generated by appearance of basically new commodities on the market. For this reason, quantitative and physical estimation of the required degree of replenishment of the assortment of consumer goods (volume of production of new goods and their nomenclature) should be a mandatory component of demand forecasts. At the same time, one should forecast the probable changes in structure of demand, which could lead to appearance of these new commodities on the market.

The demand for new commodities depends to a decisive degree on the degree of readiness of the infrastructure. Let us consider, for example, automatic washing machines. Appropriate power and water supply, sewage system, etc., are needed for household use thereof. For this reason, the demand for washing machines will grow only to the extent that such conditions exist. Consequently, in forecasting the demand, one must take into consideration not only growth factors, but circumstances that limit growth.

Thus, a forecast should consist of a formalized hypothesis concerning the probable directions and intensity of development of demand, the volume and structure in the presence of a specific level of decisive national economic and specific factors, as well as conclusions about the economic, social and organizational measures that must be taken to achieve the desired level of satisfaction of public demand for goods and services in the nation as a whole or in a specific region.

Such formulation of the problem differs appreciably from the "traditional" approach. In the first place, qualitative economic analysis becomes the basis for forecasting demand, rather than quantitative formalization of prior established trends. In the second place, a possibility emerges of using different variants of conditions of formation of demand, without relating them to the present. Finally, there is fuller consideration of economic, sociological and other conditions of formation of demand.

Accordingly, there is a change in the methodological system of forecasting and, with it, in significance of different elements of the system of methods. Expert estimates advance to the fore, and in our opinion they are called upon to become an important tool in forecasting public demand for goods and services, particularly in the long range. This is attributable to several circumstances. First of all, a reliable, scientifically

substantiated hypothesis of development of future demand can be expounded only through the joint efforts of highly skilled experts, scientists and practical workers representing all the necessary sectors of scientific and practical endeavor: economists, sociologists, designers, technologists, physicians, workers in culture and education, etc. The task for the experts should be primarily to evaluate future directions, conditions and trends in formation of demand with due consideration of the entire set of factors.

At the same time, the prognostic capabilities of expert methods are broader than of economic-mathematical ones. The latter are, in essence, merely an ancillary measuring tool. No model (and this has been repeatedly proven in practice, and this not only in our country) is capable of grasping the entire diversity of routes of development of demand, its relations and aspects. By its very nature, economic-mathematical modeling imposes restrictions in advance on the forecaster in the form of a range of factors to be considered, so to speak voluntary recognition of the incompleteness of the described future development of demand, deliberate compromise and "sluggishness."

However, use of analytic methods, including economic-mathematical ones, is a prerequisite for scientific forecasts of demand, since their ultimate goal is to measure demand, to provide a quantitative description of its volume. Nor can one do without them using expert methods of forecasting, since economic-mathematical models must be built also for expert forecasting and subsequent formalization of the hypothesis of development of demand. A search must be made for adequate economic-mathematical methods, since correlation-regression models of demand do not solve this extremely complex problem by virtue of their nature.

The problem of meeting public demand for goods and services the most fully is a complex socioeconomic problem that involves economic, sociological and engineering-technological aspects of development of production and trade. The efforts of many areas and sectors of the national economy must be combined, consideration must be given to the interests and capabilities of different parts of the country in order to solve it. For this reason, any solution to problems of production and sale of public consumer goods is complex and intersectorial in nature, it includes implementation of a system of interrelated measures in agriculture, industry and trade.

Evidently, the forecasts of demand substantiating these solutions must also be complex. Complex forecasting of demand is achieved when it reflects the dialectical unity of quantitative and qualitative aspects of its development in the overall structure and dynamics of socialist economics. A national economic forecast should be an integral system of interrelated special purpose forecasts of demand on the part of production and consumption, covering economic, sociological and

engineering-commodity expert aspects of its formation, development and satisfaction. Implementation of such a system constitutes a complex, systems approach to forecasting demand, which permits determination, with sufficient reliability, of the most important parameters of its development and, on this basis, to plan production and retail sale of consumer goods.

Let us consider, for example, passenger cars. It is not enough to estimate only the probable sales volume according to make for proper determination of future development of demand. We must also have forecasts of demand for maintenance and spare parts; we must know who the main group of buyers are, the purpose of purchasing the vehicle and ensuing requirements of buyers with regard to operating qualities of motor vehicles, feasibility of providing them in industry, and one must take into consideration the trends of future changes in car design, etc. Without such estimates one cannot purposefully control development of the process of motor vehicle use, or form demand and satisfy it.

In order to obtain complex forecasts of demand, it is necessary, first of all, to reorganize the structure of agencies concerned with such problems. At the present time forecasting demand is practiced only in trade; The All-Union Institute of the Study of Consumer Demand and Marketing Conditions (VNIKS) of the USSR Ministry of Trade and Central Scientific Research Laboratory for the Study of Demand (TsNILS) of the Central Union of Consumer Societies are concerned with this work. It is imperative for it also to be done in the area of material production. This would make it possible to include and relate economic and engineering-technological conditions of future development of demand for specific types of goods, which is extremely important to upgrade planning.

At the same time, all forecasts must be balanced in time (long range, 3-year period and next year) and space (USSR, a republic, oblast, city). This would provide for continuity of forecasting demand. Adherence to this principle is one of the mandatory conditions for scientific planning and forecasting.

With such an approach, the national economic forecast of demand (short, medium or long range) will be formed as the synthesis of aggregate forecasts referable to consumption and commodity turnover, as well as production. In turn, each of the aggregate forecasts must synthesize several special forecasts. Thus, aggregate forecasts of consumption and commodity turnover should include the balanced results of economic and sociological forecasts of demand for types, groups and varieties of consumer goods and services, as well as for different regions and on the scale of the national economy (regional and interregional forecasts). As a result, the correlation between demand and the most important economic and sociological factors (personal consumption fund, public consumption funds, monetary national income, level and correlation between retail

prices, saturation of the market, the demographic factor, local conditions and relations between regions) will be taken into consideration. Such a forecast would describe rather fully the quantitative and qualitative aspects of development of demand within a certain period.

Forecasting referable to production should be prepared as the synthesis of economic and engineering-commodity expert estimates of development of demand and conditions for fullest satisfaction thereof. The economic estimates should contain information about the probable future demand of the national economy and public for production referable to the corresponding sectors of industry and required scope of replenishment thereof (specific share of upgraded or basically new goods) for fuller satisfaction of the demand. The engineering-commodity expert estimates must describe the most promising directions of expansion and replenishment of the assortment of consumer goods, improvement of their quality with due consideration of the progressive changes in design and technology of production, use of new types of raw material and materials, as well as the probable consequences thereof with regard to development of social needs and public demand.

The entire aggregate of forecasts referable to consumption and commodity turnover, as well as production, is integrated into a single national economic forecast of demand by the USSR Ministry of Trade, which has its own scientific institutions and an interagency council for such problems, which includes responsible representatives of the most important sectors of industry.

A complex approach to forecasting demand aids in raising its scientific sophistication and fuller orientation of planning and management agencies in planning. It requires the coordination of efforts of many scientific research institutions specializing in different fields in the nation. This can be achieved only on the basis of a special-purpose and planned approach, to integrate goals and the means of reaching them.

The special-purpose and planned approach to the study and forecasting of demand has its own specific features, which ensue from the distinctions of the subject and object of study, as well as the content of this work. First of all, this applies to the choice of goals, preparation of the basic program and subprograms, organization of work to implement them. Measures that are coordinated and integrated in a single special-purpose plan [program] of measures to develop, analyze and forward to planning and management agencies concrete, goal-oriented information about the future development of demand should become the basis for such work. The program should be so designed that each executor (scientific research institution, laboratory) solving its own specific tasks pertaining to demand forecasting within the framework of special (sectorial, regional, etc.) programs would aid in achieving the main goal, that of preparing a national economic forecast of public demand for goods and services.

The main objectives of the above special programs for forecasting demand should be determined on the basis of the hypothesis of development of demand, which in itself implies comprehensive analysis of the dynamics and retrospective satisfaction of demand, with mandatory consideration of general conditions of development of the national economy, region or sector. It is also important to bear in mind that centralized planning and management is the basis for administration of a socialist economy. For this reason, priority must be given to national economic problems and tasks in preparing special programs and subprograms, as well as determining the order and target dates for performing work.

Thus, the special-purpose planned approach to forecasting demand is based on three main principles: combination of centralized national economic measures with broad initiative on the local level; planned nature and mandatory preparation of forecasts; the principle of systems. These principles provide for genuinely scientific forecasting of public demand in accordance with modern requirements.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

CONSUMER COOPERATIVES IN RURAL AREAS EVALUATED

Minsk SEL'SKOYE KHOZYAYSTVO BELORUSSII in Russian No 3, Mar 80 pp 34-35

[Article by K. Z. Terekh, Chairman of the Board of the Belorussian Union of Consumer Cooperatives: "Let Us Conclude the Five-Year Plan With Quality"]

[Text] Having joined in a socialist competition for a worthy reception of the 110th anniversary of the birth of V. I. Lenin, the workers of Belorussia's consumer cooperatives have mapped out new frontiers for the concluding year of the five-year plan. Their socialist commitments provide for them to sell 17 million rubles worth of above-plan consumer goods, to overfulfill the assignment for the production and sale of their own output in public catering by 950,000 rubles, to procure 8.8 million rubles worth of above-plan agricultural products and raw materials, and to produce 2.5 million rubles worth of additional consumer goods at cooperative enterprises. The republic's cooperative workers are applying all of their energy, knowledge, and experience to fulfill what has been planned.

It should be noted that during the past four years of the Tenth Five-Year Plan the cooperative workers have fulfilled their plans and socialist commitments for the basic indicators of economic and financial work. Thus, for example, the five-year plan assignment provided for achieving an increase in commodity turnover during the four years of 20 percent, while in fact it increased by 22 percent. Last year alone 72.3 million rubles worth of consumer goods were sold in excess of the plan.

The socialist commitments for the production and realization of their own output in public catering were overfulfilled by 1.2 million rubles. A solid foundation has been laid for the fulfillment of the plans and assignments of 1980, and also for the successful completion of the Tenth Five-Year Plan as a whole.

The favorable results of economic work have to a large extent come from an expansion and modernization of the material and technical base of the republic's consumer cooperatives. Capital investments of 185.2 million

rubles were put into its development during the years 1976-1979. In all, during the Tenth Five-Year Plan 233.1 million rubles will be utilized, which is 16.6 percent greater than the established assignment. During the 11th Five-Year Plan it is planned to increase the amount of capital investments compared to the Tenth Five-Year Plan by 19 percent. They will come to 277.5 million rubles. These funds are being assigned for the development of the material and technical base of trade, public catering, procurements, production, and housing construction.

The state is providing great assistance in the creation of the retail trade network. We are building pavillion-stores with short-term credit from Gosbank. Since 1975, 356 of them have been built with a sales area of more than 120,000 square meters. Whereas in the past only cultural and domestic and household goods, furniture, and industrial goods stores were opened in the pavillions, today they are also being used successfully as public catering enterprises. For example, a "Produkty" store and a cafe for 60 people have been opened in the pavillion in the village of Malye Avtyuki in Kalinkovichskiy Rayon.

Today in many villages the most beautiful buildings are trade enterprises. Many rural stores are not inferior to city ones in appearance, in their interiors, and in their forms of service.

We were able to carry out a very large construction program, thanks to the active support and assistance of party and government agencies, and also of sovkhoses and kolkhoses. During four years of the Tenth Five-Year Plan the republic's farms built more than 340 trade and public catering enterprises.

In our system there are still around 2,000 dilapidated stores which have to be replaced by well-built modern trade enterprises. In view of the fact that during this and the following five-year plans consumer cooperatives will have to carry out an overall rationalization in all of the branches of their work, and our material and technical resources are limited, it will be difficult to accomplish this task solely through the efforts of cooperative organizations. We are counting upon the assistance of the republic's kolkhoses and sovkhoses.

The kolkhoses and sovkhoses of Grodnenskaya, Brestskaya, and Minskaya oblasts are actively carrying out the construction of their trade networks. However the fact that during the last four years 94 trade enterprises were built by the farms of the Vitebskaya, Bomel'skaya, and Mogilevskaya oblasts, while in Grodnenskaya Oblast alone 105 were built, speaks about the fact that not all leaders understand the importance of this work. For collaboration between the kolkhoses and sovkhoses and cooperative organizations has a positive influence on the economies of the farms. An improvement of living conditions and a rise in the standard

of trade services helps people to save time and their energies for more productive labor in the fields and on the farms.

The republic's cooperatives are also making use of various non-trade buildings which for various reasons are being freed. For example, the buildings of previous schools, clubs, and so forth. In Grodnenskaya Oblast alone more than 220 stores have been opened on this basis. The expenditures for the reconstruction of such buildings came to around 1 million rubles, while with new construction, 4 to 5 times more capital investments would have been required.

Overall rationalization has been a new stage in improving the quality of services and developing the material and technical base of trade. Its essence consists in the simultaneous realization of measures to improve the typing of the retail trade network, to achieve an optimal distribution of sales areas among the individual groups of goods, and to rationalize the trade process and commodity supplies in accordance with mandatory assortment lists.

During the four years of the Tenth Five-Year Plan 9,300 stores and 1,210 public catering enterprises underwent an overall transformation. This year no less than 1,000 stores and 240 public catering enterprises will be rationalized. We shall fulfill the assignments which have been established for the five-year plan. In the 11th Five-Year Plan it is planned to carry out this work in 3,000 stores and 500 public catering enterprises. With this the work on overall rationalization will be basically completed.

Experience has shown that this method is the most effective one in improving cooperative trade. But things are not going well with us everywhere. Certain leaders of cooperative organizations have still not overcome their inertia and have not fully understood the importance of these vitally important measures. For example, in such rayon centers as Cherikov, Khotimsk, Slavgorod, Krugloye, and Krasnopol'ye overall rationalization has still not been completed, while in Klimovichskiy Rayon only one out of six consumer society centers has been given an overall rationalization. And this at a time when the task has been put on the day's agenda of completing the overall rationalization of trade enterprises not only in rayon centers and large populated points, but also in the villages, as has already been done at our advanced rayon union of consumer's societies and rayon consumer's societies.

One of the main directions for raising the standard of services is the introduction of progressive sales methods. During the Tenth Five-Year Plan 11,700 stores, or 92 percent of them, were transferred to self-service. This year all of our trade enterprises will operate according to this method. Other progressive forms of services for buyers are also

being introduced: for example, home deliveries, credit sales, open displays, fabric cutting, and others.

In wholesale trade overall rationalization is aimed at improving the system of commodity supplies, improving the centralized delivery of goods, and expanding direct relations with industry. In this connection a concrete list of objects has been defined and the corresponding organizational and technical measures have been worked out. During this five-year plan no less than 163,000 square meters of space for general commodity bases and warehouses will be put into operation. During the next five-year plan it is planned to create highly mechanized bases each with an area of 10,000-20,000 square meters. Their construction is being performed in sequence. All of this will make it possible to substantially increase the role of wholesale trade in the work of organizing a rational system of goods deliveries from industrial enterprises to the consumer.

A further development of the network of public catering enterprises is a subject of constant concern for cooperative workers. Today the dinner table's capacity is more than 260,000 people. Everyday around 1.1 million people use the services of public catering. During the Tenth Five-Year Plan the network of public catering enterprises will increase by 67,000 seats. This figure exceeds the assignment which was approved by the government.

Public catering is developing at outstripping rates in schools, vocational and technical schools, and on the kolkhozes and sovkhoses. However, the level of its organization in the village still does not meet the demands of the day. There are still no dining rooms in 1,319 of the republic's kolkhozes and 150 of its sovkhoses. Assignments to develop the network of public catering enterprises are constantly not being fulfilled by the Ministry of Agriculture, the Ministry of Land Improvement and Water Resources, the Ministry of Rural Construction, and the State Committee for Vocational and Technical Education of the Belorussian SSR. During the 11th Five-Year Plan it is planned to commission public catering enterprises with a seating capacity of 10,500, including around 30 eating combines and large modern restaurants. In a word, the efforts of Belorussian cooperative workers are aimed at systematically expanding the network and improving the work of our public catering enterprises, raising the standard of services for customers, and also improving the quality of the food which is prepared. The delivery of hot meals to the fields is being expanded. During the period of intense agricultural work the sale of food is organized at jobs with the help of truck-stores and traveling buffets.

Consumer cooperatives have a great role in the procurement of agricultural products and raw materials. In four years procurement turnover increased

by 9.5 percent. This has helped to further develop and improve the material and technical base of procurements and to strengthen economic relations with the kolkhozes and sovkhoses. However, it has to be acknowledged that there are still unutilized reserves and possibilities in this field. Calculations show that the utilization of resources of agricultural products and raw materials is not approached everywhere with the necessary responsibility. The boards of cooperative organizations have to take more effective measures for the procurement of meat, eggs, potatoes, vegetables, fruit, medicinal grasses, and forest resources; to engage more actively in the purchasing of metal scrap, pulp paper, and leather raw materials; to make wider use of the resources of personal subsidiary farms and to buy agricultural surpluses from the population; and to develop their own subsidiary farms and carry out the feeding of livestock and the raising of poultry in order to provide the fullest satisfaction for the growth and needs of rural inhabitants.

In addition to procurements, consumers' cooperatives are engaged in the processing of agricultural products and raw materials at their own enterprises and produce a wide assortment of canned fruits and vegetables, dried vegetables, bread, confectionery, and sausage products, beer, and non-alcoholic beverages. During the four years of the Tenth Five-Year Plan the production of consumer goods increased by 18.7 percent. Last year alone the republic's cooperative enterprises produced 279 million rubles worth of goods which came to 9 percent of the total commodity turnover. In working out measures for the intensive development of the production of non-food goods, the board of the Belorussian Union of Consumers' Cooperatives has scheduled for as early as this year an increase in their production of 22.6 percent compared to 1979 for a total of 10 million rubles (in wholesale prices), and of 16.4 million rubles for the end of the future five-year plan.

In the accomplishment of the difficult tasks which face the republic's consumers' cooperatives a large role belongs to the boards of the cooperative organizations and the leaders of their structural subdivisions who have to constantly improve the style and methods of their work and ensure the organization and fulfillment of all scheduled plans and assignments.

In recent years the republic's cooperative cadres have grown appreciably and there has been an improvement in their qualitative composition. More than one-fourth of them are communists and Komsomol members, and every fifth one is a specialist with higher or secondary qualifications. Around 90 percent of the financially responsible people have vocational training. In order to improve and perfect the training of cadres in the mass occupations the board of the Belorussian Union of Consumers' Cooperatives has decided to open in the next few years 11 additional vocational and technical schools with one-year and two-year courses for the development

of specialities. This will make it possible to supply the system with a sufficient number of qualified cadres in the mass occupations. We have a large detachment of well-trained and experienced workers who possess initiative, good organizational abilities, and the skill to mobilize a collective for the successful fulfillment of plans and socialist commitments. They include the Chairmen of the boards of the Dzerzhinskiy Rayon Consumers' Cooperative Anna Vladimirovna Yakimova, the Glubokskiy Rayon Union of Consumers' Cooperatives Galina Petrovna Stagurova, and the Pinsk Rayon Union of Consumers' Cooperatives Vladimir Alekseevich Stuk, the Director of the Minsk Canning and Vegetable Drying Combine Nikolay Petrovich Bal', and many, many others.

The finish of the Tenth Five-Year Plan, the five-year plan of efficiency and quality, is coming closer. The republic's cooperative workers have set themselves the goal of turning the year 1980 into a year of shock work and work in the Leninist manner in each collective and at every job in order to successfully and with high quality cope with our homeland's assignment.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

FIRM STORE TRADE IN MOSCOW, BELORUSSIA EVALUATED

Belorussian Company Stores

Moscow EKONOMICHESKAYA GAZETA in Russian No 9, Feb 80 p 9

[Text] The CPSU Central Committee and USSR Council of Ministers decree on improving the economic mechanism states that we are to "develop the network of company stores to sell consumer goods produced by subordinate production associations (enterprises)."

How is company-store trade coping with the growing demands and the new tasks in Belorussia?

To answer this question, a "swoop" brigade from the republic's ZVEZDA and EKONOMICHESKAYA GAZETA newspapers visited several company stores, in particular, the "Obuv'" and "Odesbda," subordinate to the republic Ministry of Light Industry. They are both in the capital of the republic.

"Obuv'" sells products of the "Luch" production association. The first thing that meets your eye is that the store has nowhere to put displays. And how can customers learn about new items, where can they meet production workers, and how can one of the most primary functions of the company trade "point" -- carefully studying demand -- be carried out?

We include among oversights in trade organization the fact that the footwear section for the very smallest is separated from the main trade area by a blank wall. You get there only by going around...through the street.

"Renovation is long overdue," says the store director, I. Kirichenko, and that's a problem: they can't find a contractor. We also need an artist badly, but the position is not listed in the table of organization. And in our business, a tastefully decorated display window or advertising poster means a great deal.

The lay-out of the store is unquestionably an important matter, but the main thing still is what is being sold. Quite a bit of footwear is being sold in the store -- 3.3 million rubles worth last year, for example. The "Luch"

association recently pleased customers with new models of women's high boots, men's fall slippers and winter ankle-length boots, and children's footwear. But has everything possible been done to meet customer needs? Unfortunately, this question cannot be answered in the affirmative.

"Could I please see a size-43, six-wide boot?" asks a customer.

"Unfortunately, we don't have that size and width...."

An accident, an atypical example? No. Calculations made by store workers show that the lack of needed sizes and widths is not an accidental cause of purchases not made.

Among the various ways in which the store studies demand is recording particular days customer requests which cannot be met. This is a labor-consuming, laborious task. On just one such day, 478 of the 632 requests not met were accounted for by a lack of footwear in the sizes and widths needed. And that in a company store!

And what is the price paid for the fact that last year the republic trade network returned tens of thousands of pairs of footwear to the "Luch" association because of poor quality?

As distinct from the "Obuv'" store, the "Odeszda" store is not attached to a specific association. Six garment associations and factories of the republic send their output here. Trade workers naturally try to choose the most stylish and interesting items, but are not always successful. On 31 January, at the final bell, so to speak, the "Odeszda" store received badly needed artificial fur coats from the Minsk Garment Association imeni Krupskaya. The monthly plan was saved. That same day, a regular shipment of men's suits was returned to the "Komintern" garment association in Gomel' because of unpopular fabric.

In this company store, they sometimes think not so much about how to "present" something new to the customer as about how to make it of marketable appearance. The fact is that clothing arrives in containers in which it is bulk-loaded. At the same time, several Minsk trade enterprises have long been successful in using containers in which finished items are shipped on hangers. However, this progressive method of delivering items to the trade network has not reached the "Odeszda" store.

There are quite a few difficulties and hindrances in the operation of company stores whose elimination depends on the republic Ministry of Light Industry, Ministry of Trade and Gosplan. Take, for example, planning commodity circulation. It is based on the same things as are used for ordinary trade enterprises of the Ministry of Trade. Plans are drawn up without consideration of one of the primary functions of company trade, studying demand.

Neither can we recognize as normal the fact that the assortment of goods for company stores is drawn up by wholesale offices of the Ministry of Trade.

Company store orders are thus not fully met in terms of the assortment of goods.

The CPSU Central Committee and USSR Council of Ministers decree on improving the economic mechanism establishes that commodity circulation plans and market allocations are approved for company stores by the union republic Councils of Ministers or, on their instructions, by the ispolkoms of kray or oblast Soviets of People's Deputies, with the concurrence of the appropriate industrial ministries. However, when the commodity circulation plan for this year was sent down, the suggestions of the republic Ministry of Light Industry had not been taken into account.

The question of material incentives for company store workers also merits attention. The fact is that only commodity circulation plan fulfillment merits incentives (as in ordinary stores), and no consideration is given to the load or responsibility of the collective for studying demand.

We should add to this that the republic Ministry of Light Industry did not manage to set up the "Belorusskiye Tkani" and "Belorusskiy Trikotazh" company stores in Minsk, footwear outlets in Vitebsk and Grodno and a clothing outlet in Gomel', as was anticipated in the 10th Five-Year Plan.

Continued development of company trade must become an object of special concern for the industrial republic and union-republic ministries and the local Soviets of People's Deputies.

Moscow Company Stores

Moscow EKONOMICHESKAYA GAZETA in Russian No 9, Feb 80 p 17

[Article by N. Trugubov, Chief of the Main Trade Administration of the Moscow gorispolkom: "Are the Tasks Being Coped With?"]

[Text] The Mosshveypprom's "Muzhskaya Moda" company store is very popular and has a good reputation among Muscovites and visitors to the capital. Output of the "Bol'shevichka" production association predominates in the assortment of goods it sells. It would not be an exaggeration to say that this store has become a unique laboratory for studying and shaping consumer demand. At "Muzhskaya Moda," orders for new items are collected and the possibility of selling them is analyzed.

A precise system of testing trial lots of items is used at the store; it regularly holds exhibit-sales, consumer conferences and demonstrations of promising clothing models. On the trade floor, customers can consult with specialists -- association designers and pattern-makers.

Lecture cycles are regularly organized for company store salespeople on trends in the development of modern styles, clothing design, quality and materials. In turn, enriched by this professional knowledge, salespeople

are qualified to provide experimental services and specialists of industrial enterprises with information about their products, their merits and shortcomings, and thus improve the items. The store prepares quarterly market reviews on the status of demand for goods, which facilitates better organizing the production of those goods in the greatest demand among customers or curtailing and withdrawing from production those not "moving."

The creative cooperation between the company store and industrial enterprises facilitates achieving a situation in which for many years now, goods have not been discounted at "Muzhskaya Moda" and deliveries of items with the state Badge of Quality and "N" indexes have increased each year. This past year, upwards of 42 percent of all its goods were of such quality.

Customers also have a high opinion of the operation of the "Orbita" company store of the Ministry of Means of Communication Industry. This is not just a store, but a unique representative of the ministry, a leader in producing home radio equipment. In the demonstration hall, visitors, industry specialists and store workers can familiarize themselves with equipment which will go on sale and with promising developments.

As befits what is, strictly speaking, a company store, "Orbita" constantly holds exhibit-sales, customer conferences and questionnaires, jointly with the enterprises. At its suggestion, individual types of radio equipment not in demand were withdrawn from production, the appearance of several television sets was improved, and the production of a number of items in demand was increased.

The "Vse Dlya Kukhni," "Muzhskaya Odezhd" and several other of the 35 company stores now in operation in Moscow have set up their work with industrial enterprises in similar fashion.

The specialized stores, departments and sections created in the system of the Main Trade Administration also play a definite role in improving the study of consumer demand and strengthening influence on industry to expand the release of consumer goods. Eleven specialized stores and 16 departments and sections selling goods from the "Trekhgornaya Manufaktura" combine, the 1st and 2nd Moscow Watch Plants, the silk combine imeni Sverdlov, the No 2 furniture-assembly combine, the "Krasnaya Roza" production and other enterprises are now in operation.

However, not all industrial ministries are actively developing company trade in Moscow. For example, the ministries of chemical, automotive, aviation and local industry of the RSFSR and the USSR Ministry of Petrochemical Industry, which produce a broad assortment of various consumer goods, do not have company stores in the capital.

Customers have praised the "Okean" company stores, their conveniences and the goods offered in them. Unfortunately, the USSR Ministry of Fisheries has been concerned very little with expanding the network of company stores, although it has possibilities for doing so.

The CPSU Central Committee and USSR Council of Ministers Decree "On Steps to Further Develop Trade" anticipates that the new company stores will be located both in facilities transferred by local soviet agencies for this purpose and in facilities built using funds and limits of the ministries and departments. Unfortunately, a majority of the ministries have generally avoided building company stores using their own capital investments by getting the Moscow Soviet of People's Deputies ispolkom to lease them new premises or allocate ones from the existing network. This solution does not facilitate strengthening the material and technical base of city trade or better services to the population.

We also must not fail to mention that, in expanding the company store network, individual ministries have not achieved full return on funds invested or a greater role for these stores in developing production or their specialization to sell goods holding the largest share of the products list of items being produced by ministry enterprises. Thus, the proportion of items of enterprises of the Ministry of Radio Industry occupy slightly more than 38 percent of the "Radiotekhnika" store's commodity circulation.

Such company stores as the "Obuv'" of the "Zarya" association of the RSFSR Ministry of Light Industry, "Salyut" of the "Udarnitsa" production association of Moscow and a number of others are doing little to study and predict consumer demand, have not set up solid ties with industrial enterprises, do little to pose topical questions on production and improving quality. In these stores, the assortment of goods is very narrow, there are practically no new items, and substandard articles reach the sales floor.

Thus, the Moscow production garment association does not provide its own company store, "Salyut," with pretty new models which closely follow style. Here, the customer is offered outmoded, wan dresses, and only in size 48. Naturally, the customer does not take them. Men's jackets are in great demand, but they are only available in size 44. The association is not meeting its own store's orders even for overcoats in the sizes and lengths required.

The way consumer demand study is set up at the "Obuv'" company store of the "Zarya" association deserves reproach. There is no specialist there obligated to organize such work, so it is only done occasionally. The "Zarya" association does have a plan for joint work with the All-Union Institute of Assortment of Light Industry Items and Fashion, but not one of the sections of that plan is being carried out. The information the store receives about exhibit-sales and customer conferences is not used either in planning or production or operational-commercial work. The store ignores "Rosobuv'prom" resolutions on summing up quarterly the results of socialist competition together with industrial enterprises and on jointly reviewing questions of footwear quality and assortment.

Things are no better at the "Modnyy Trikotazh" store. There is little trading here in goods from the leading enterprises of the RSFSR Ministry of the

Textile Industry, and customers are offered items from the House of Fashion to meet the plan. The store clearly is not performing its basic function of studying and shaping consumer demand.

The status of employment of specialists and those in the most common occupations also affects the quality of company store operation. Analysis shows that in a majority of stores, there is no position of economist to study customer demand. The staffs of "Udarnitsa," "Melodiya," "Salyut," "Muzhskiye Sorochki" and "Modnyy Trikotazh" have only 60-85 percent of the positions filled. In a number of stores, there is considerable personnel turnover.

Understaffing, serious deficiencies in studying demand and instability of contacts with industrial enterprises generate uneven deliveries of goods in company trade, hinder meeting consumer demand more fully and lead to failure to meet plan assignments. The "Zarya," "Modnyy Trikotazh," "Muzhskiye Sorochki" and a number of other stores carried out the commodity circulation plan unevenly last year.

It must be recognized that the Main Trade Administration of the Moscow gorispolkom has paid little attention to the activity of the company stores. It rarely holds conferences with their leaders, does little to generalize the best work experience, and does not always help in the selection and training of personnel. This year, we must eliminate these shortcomings, pay more attention to the company stores, and strengthen contacts with the industrial ministries.

It is towards just such work that the resolutions of the November (1979) Plenum of our party and the theses and conclusions made by Comrade L. I. Brezhnev in his speech at the Plenum orient us. It is precisely to this that the CPSU Central Committee and USSR Council of Ministers decree on improving the economic mechanism calls us, development of the company store network being included among the most important measures aimed at meeting more fully the demands of the population.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PROBLEMS IN POTATO, VEGETABLE PROCESSING DETAILED

Tallin SOVETSKAYA ESTONIYA in Russian 2 Feb 80 p 2

[Article by E. Kheynsou, chief of the department of potato, fruit and vegetable procurement and trade of the Estonian SSR Ministry of Trade: "To Satisfy the Plan, To the Detriment of the Customer"]

[Text] Enterprises and organizations of the Estonian SSR Ministry of Trade system were to have obtained 51,970 tons of potatoes and 28,310 tons of vegetables from republic farms last year. They coped with the tasks entrusted to them, but let's look at what lies behind these figures.

In the first half of the year and during the summer, trade organizations of the ministry failed to receive more than 600 tons of tomatoes. The people of Tartu and Narva were provided fresh vegetables especially poorly. Whereas the Tallin trade-organization administration sold an average of three kilograms of early vegetables per resident during the first half of the year, that indicator was 1.27 kg in Tartu and 1.87 kg in Narva.

Trade organizations attempted to make up the shortage of early vegetables in the first half of the year by importing them from other republics. But as many years of experience shows, this way out is not the best, since vegetables spoil when shipped long distances.

Incidentally, the quality of the potatoes and vegetables we procure is determined in accordance with the state standard which, unfortunately, does not outline an indicator of stability during storage, although that is simply essential to procurement organizations.

We have repeatedly called attention to the fact that vegetables obtained from some farms store better than those obtained from others. The reasons are botanical strain, farming techniques, fertilizers, soils and harvesting conditions. All this undoubtedly is within the competence of agronomists. We can only verify that kolkhozes and sovkhoses have basically changed over to high-yield varieties of potatoes and vegetables without considering their taste qualities and stability in storage. For example, how do you explain the fact that almost all the farms have stopped growing such varieties of cabbage as "tyurkiz" and "dauerveys," which keep well and whose appearance

and taste qualities are retained even until May of the following year? And in the individual sector, these varieties are valued and can be seen in kol-khoz markets in the spring, where they compete well with young cabbage brought in from Azerbaijan.

It is a very serious problem. As was shown by checks of potatoes and vegetables stored for the winter in trade organization warehouses, their quality is not the best. On 15 November of last year, 3,100 tons of potatoes and vegetables was unfit for sale, which is about 14.9 percent of the total capacity of agricultural produce warehouses. Trade organizations returned some of the produce to the farms for livestock feed and discarded some of it.

The republic Ministry of Trade has repeatedly asked the Ministry of Agriculture and the Estonian Union of Consumer's Societies board about improving the initial processing of agricultural produce locally: installing inter-farm warehouses and sorting centers, packaging early potatoes and vegetables on the farms, pickling cucumbers, making fresh salads, and so on. In spite of the fact that republic directive agency recommendations followed all these proposals, little was done to implement them.

An important role in the procurement of vegetables undoubtedly belongs to packing and packaging materials which ensure their "safe" transport from farms to trade enterprises. Kolkhozes and sovkhoses located alongside Tallin deliver early vegetables to the stores using their own transport and in their own containers, which are quite diverse: plastic boxes, wooden smoked-fish boxes, and so on. The problem of special containers for vegetables has not been solved yet, although the Estonian SSR Gosplan was to have considered organizing the production of plastic boxes and packaging materials to meet the needs of the Ministry of Trade, Ministry of Agriculture, Ministry of Food Industry and the Estonian Consumers Society Union back in 1974.

Today, vegetables are delivered to stores in farm and trade organization transport, but it cannot be said that the transport problems have been solved. There are few vehicles and they are used inefficiently. Basically, 2.5-ton trucks are used to deliver vegetables. They haul potatoes and cabbage, carrots and swedes. But the vegetable orders of a single store or enterprise can vary from 2.5 tons to 100 kg. So you see big trucks hauling, for example, salad greens, dill and spinach, maximum orders for which are for 30-50 kg. The time has passed when small orders were delivered to the stores in Shkoda and Moskvich [cars]. There are not enough of them now!

And, finally, trade. Its sacred duty is to preserve the initial quality of the commodity, including potatoes and vegetables. In order to do this, we need a modern material and technical base and, in connection with the great spread of self-service stores, packaging equipment and packing materials. But, as we know, the warehouse system has long lagged behind modern requirements in terms of volume and quality, especially in Tallin.

It has become urgently necessary that we build a second vegetable base for the Tallin Fruit and Vegetable Trade Organization near Lasnamyae. Many sections of the city lack specialized fruit and vegetable stores. And where there are such stores, they are in cramped premises, often basements, where it is hard to store goods and ensure the conditions necessary to protect them.

In my opinion, stores of the "ABC" type are not solving this problem either. As we know, trade enterprise work results are evaluated basically in terms of fulfillment of the commodity circulation plan and expenditures on meeting it. But selling a bottle of the cheapest brandy gets a store as much as selling 100 kg of ordinary potatoes. So we often do not see vegetables or other greens in the "ABC" store (much trouble, little profit).

We need to find the means to build spacious new stores to sell fruit and vegetables. This will also have a beneficial effect on the assortment. Many cities in our country have taken just such a path.

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